

EDITOR'S NOTE:

The following Motion for Leave to File an Amicus Brief out-of-time was denied by the Supreme Court on April 2, 1984. (52 LW 3721)  
It is reproduced here for completeness.

**MOTION FILED**  
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No. 83-1301

IN THE

**SUPREME COURT OF THE UNITED STATES**

OCTOBER TERM, 1983

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**MILGO ELECTRONIC CORPORATION, ET AL.,**  
*Petitioners,*

v.

**CODEX CORPORATION, ET AL.,**  
*Respondents.*

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**MOTION FOR LEAVE TO FILE A  
BRIEF AMICUS CURIAE AND  
BRIEF AMICUS CURIAE IN SUPPORT OF THE PETITION**

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## MOTION FOR LEAVE TO FILE THIS AMICUS CURIAE BRIEF

The law corporation of Jackson, Jones & Price brings this Motion for Leave to File an amicus curiae brief under U.S.C.S. Rule 36 and requests permission to file an out-of-time brief pursuant to Rules 29 and 42 thereunder. This brief is in support of petitioner, Milgo Electronic Corporation, et. al.\* The reasons for filing the petition and for the delay are expressed in the declaration of Stanley R. Jones submitted herewith.

This amicus curiae brief presents a basic issue of national importance to our system of jurisprudence, i.e., whether or not an attorney can be guilty of misconduct when he argues a legal interpretation of a written instrument in open court, even if that legal interpretation is ultimately rejected by a court. This issue has not been adequately covered by the parties in the petition and brief in opposition to the petition.

The award of substantial attorneys' fees against petitioners was based upon a finding that the interpretation of a contract between the U.S. Government and an inventor/assignee (i.e., a patent), as advanced by petitioners' attorney was a "deliberate fabrication." The foundation for the "deliberate fabrication" finding—the interpretation of the patent contract—is contrary to findings by other courts and testimony by several experts in the field. Such a finding, if allowed to stand, will affect much more than the rights of the present litigants. It will provide a truly chilling effect on advocacy. An attorney's right to advocate the client's cause will be seriously diminished if the attorney can be found guilty of misconduct and censured for presenting an interpretation of a written instrument which, though unaccepted by one trial court, has clear support in the written instrument and

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\*The name change and mergers are set forth in Racal-Milgo's petition at page 1 and will not be repeated here. The petitioner will be referred to as either "petitioner" or "Milgo" throughout this petition. The appendix filed with the Court by petitioner will occasionally be referred to in an effort to reduce the amount of papers involved.



its file history, and the specific interpretation has been legally sanctioned by other court decrees.

Accompanying this motion is an Amicus Curiae brief which includes questions for review and a legal memorandum highlighting issues of such paramount importance that it is respectfully submitted that the Writ of Certiorari in this case must be granted.

Respectfully submitted,

~~JACKSON, JONES & PRICE~~  
**ORIGINAL SIGNED BY**  
**STANLEY R. JONES**

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**DECLARATION OF STANLEY R. JONES  
IN SUPPORT OF MOTION**

I, Stanley R. Jones, hereby declare as follows:

1. I am an attorney admitted to practice before this Court and an officer of the law corporation of Jackson, Jones & Price, which has an office in Tustin, California. Our law corporation represented the petitioner, Milgo Electronic Corporation, et al., in (A) a patent infringement action against United Telecommunications, Inc., et al., in the United States District Court for the District of Kansas reported at 189 U.S.P.Q. 160 (Petitioners' A., B-1); and (B) a suit for declaratory relief brought by Codex Corporation, et al., in the United States District Court for the District of Massachusetts, 534 F.Supp. 418, affirmed by the First Circuit Court of Appeals, 717 F.2d 622, which decision is the subject of the petition to this Court. I am the attorney, Jones, referred to in the Massachusetts District Court decision.

2. Our law corporation has withdrawn as counsel of record in each of the above actions, but has a direct interest in the outcome of the petition because it, as well as its former client, has been deemed guilty of "deliberate fabrication" of a "theory of patentability" by advocating in open court an interpretation of one of the patents involved in the suits. That "deliberate fabrication" did not and does not exist.

3. The law corporation has received written consent from its former client, petitioner Milgo; but Codex Corporation, et al., respondents, have not consented to the filing of this motion and amicus curiae brief.

4. Request for leave to file this brief out of time is necessary because applicants' attorney incorrectly docketed the time for filing the amicus curiae brief as being due on March 25, 1984, i.e., forty-five (45) days from the petitioners' filing date of February 9, 1984. We have been working with amicus curiae groups in both the American Bar Association and the American Patent Law Association toward the possibility of comparable amicus curiae briefs being filed by those associations. During the various conversations, letters and discussions with these groups none of the other attorneys had noted that our docketed March 26th date was incorrect.

5. I discovered late in the afternoon on Monday, March 12th, that I had incorrectly relied on Rule 35, which states forty-five (45) days but deals with briefs on the merits, rather than correctly relying on Rule 22, which provides that amicus curiae briefs must be filed within thirty (30) days. That mistake makes it necessary for us to file this Motion for Leave to file an out-of-time brief.

6. This motion and brief present questions of broad national prominence to the legal profession, generally, and to the patent profession in particular. The motion is not made for purposes of delay, but rather is made with the salutary goal to request this Court to set down standards for the lower courts with respect to the permissible bounds of advocacy,

particularly with respect to use of experts and the interpretation of written documents.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this \_\_\_\_\_ day of March, 1984, at Tustin, California.

**ORIGINAL SIGNED BY  
STANLEY R. JONES**

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Stanley R. Jones

### QUESTIONS FOR REVIEW

1. Is an attorney guilty of misconduct when he argues a legal interpretation of a written instrument which is ultimately rejected by the court?
2. Can an attorney and his expert be guilty of "deliberately fabricating" the meaning of a written document, the interpretation of which is the central issue in the lawsuit, and particularly where the opposing expert and the court agreed with the attorney and his expert in a prior lawsuit?
3. Should the decision below as it relates to alleged "patent misconduct" be reversed in view of its failure to apply proper legal standards and procedure, and its failure to make essential findings?

## STATEMENT OF THE CASE

### I. THE COURTS AND PARTIES INVOLVED IN THIS CONTROVERSY

The decision for which review is sought presents this Court with a split in the circuit courts over the question of law—the interpretation and validity of United States Patent No. 3,524,023\* (“Whang ’023”). The manner in which this split developed is described in this section. Petitioner Milgo Electronic Corporation, the assignee of Whang ’023, was involved in over four years of discovery and a month-long trial in which Whang ’023 was found valid by the United States District Court for the District of Kansas (the Kansas Court), 189 U.S.P.Q. 160 (D. Kansas 1976). (Petitioners’ A., B-1.) The interpretation given to the patent contract by the Kansas Court included, *inter alia*, a narrow band or “narrow skirts” interpretation.\*\* This holding was affirmed by the Tenth Circuit Court of Appeals, 623 F.2d 645 (10th Cir.), *cert. denied*, 449 U.S. 1066 (1980).\*\*\* (Petitioners’ A., C-1.)

Whang ’023 was attacked by the plaintiff Codex Corporation (“Codex”) in a declaratory relief action (Petitioners’ A., D-1) filed in the United States District Court for the District of Massachusetts (“Boston Court”). Codex, relying upon a different expert, urged an opposite interpretation (the “broad band” or “wide skirts” interpretation) of the patent contract. The Boston Court, accepting Codex’s diametrically opposite interpretation, not only held the patent invalid, but shockingly ruled that the petitioners’ attorney and expert were guilty of a “deliberate fabrication” by urging the “narrow band” interpretation affirmed during the Midwest Court action.

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\* This patent is entitled “Band Limited Telephone Line Data Communication System.”

\*\* The opposing Kansas Court expert witness (Dr. Walter Beam) advanced, as did the Tenth Circuit, this narrow-skirt interpretation.

\*\*\* This trial, appellate and petition avenue of Whang ’023 is termed simply as the “Midwest Court action.”

Milgo, at the hands of the Boston District Court, was dealt the punitive sting of an adverse award of attorneys' fees (\$678,000.00).<sup>\*</sup> Milgo, its attorney and expert have suffered a legal censure based on the Boston Court's conclusion that there is one and only one interpretation of the patent contract, and that the act of advocating the Midwest Court's interpretation amounts to culpable and deliberate fabrication. The First Circuit Court of Appeals affirmed the Boston District Court.<sup>\*\*</sup> 717 F.2d 622. (Petitioners' A., G-1.)

## II. THE TECHNOLOGY INVOLVED

During the past four decades of an "Information Revolution," the requirement for computers to quickly and economically communicate with each other has spawned many new and highly-sophisticated industries. Computers today "talk" to one another over ordinary voice-grade telephone lines at high speeds that many people never dreamed would be possible.

Data modems,<sup>\*\*\*</sup> the subject matter of the Whang patent, are essential to the accomplishment of these computer tasks.

Ordinary voice-grade telephone lines having a maximum frequency range of about 3000 Hz<sup>\*\*\*\*</sup> were originally designed primarily for human voice transmission. Use of such voice lines for data transmission introduces signal impairments that hinder computers from "talking" to one another. The impairments, which vary from line to line, are smallest in a narrow band (about one-third of the total) near the central portion of the line. The principle underlying Whang '023 was

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<sup>\*</sup> Petitioners' A., E-1.

<sup>\*\*</sup> For purposes of simplicity, the trial and appellate courts will be referred to as the "East Coast action."

<sup>\*\*\*</sup> Modulation is converting computer language to a signal form suitable for transmission over a telephone line; the reverse process is *demodulation*. The term "modem" is thus an acronym for MODulator-DEModulator.

<sup>\*\*\*\*</sup> Hz represents cycles per second. For example, 60 cycle house current is designated as having a frequency of 60 Hz.

based upon the inventor's 1966 perception that if compacted data signals were strictly confined to this narrow band, i.e., 1000 Hz by a "narrow skirted" filter, then computers could "talk" faster with less problems.

### III. THE KANSAS LITIGATION

#### A. Milgo, Its Counsel and Whang Asserted the Patent Taught Narrow Skirts

In Kansas, United Business Communications, Inc. ("UBC") was charged with infringement of the Whang '023 patent by the manufacture and sale of a high speed modem which included a narrow-skirted filter. Narrow skirts were quantified during trial by reference to a hypothetical "roll-off" figure. The modems alleged to have been infringed in Kansas exhibited a small (50 % or less) roll-off characteristic which passed only a narrow band of signals as compared with the prior art, i.e., wide band, 100 % roll-off filters which passed a wide band of signal frequencies. 189 U.S.P.Q. 181, Finding 76.\* As the roll-off figure decreases under comparable conditions (e.g., a 25 % roll-off filter), the band of signal frequencies passed is more narrow.

Whang interpreted his patent as describing narrow skirts or narrow band limited in a qualitative sense. At the trial Whang was asked to express in a quantitative sense the narrow skirt teachings of his patent. He testified that, in his opinion, one of ordinary skill in the art reading his patent would determine that only negligible signal energy would be permitted on either side of a 1000 Hz frequency band. "Negligible," according to Whang's opinion, meant a range of energy of about 1 to 2 %, a range which he related to a hypothetical roll-off of about 50 %.

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\* Petitioners A., B-48.

## B. The Opposing Expert in Kansas Agreed Whang '023 Taught Narrow Skirts

Dr. Walter Beam, UBC's expert, agreed with the qualitative limits set by Whang, but opined that Whang '023 taught a quantitative value somewhat narrower than that suggested by Whang. Dr. Beam's testimony at his deposition, reaffirmed at the Kansas trial, was as follows:

- Q. [By Mr. Jones] Does he [in Whang '023] teach in any of the claims twenty-five percent roll off?
- A. He does in claims [1, 39, 40] that are not in suit, . . . . (Kansas Trial Transcript, pages 2103, 2104, bracketed material added)

The Kansas Court found that the Whang patent taught one of ordinary skill in the art to use a filter which "*rejects* within a few percent all signals having frequencies more than 25 % of the passband, i.e., 800 to 1000 Hz [for a 2400-bps\* modem] and 1600 to 2000 Hz [for a 4800-bps modem]." 189 U.S.P.Q. at 181. (Petitioners' A., B-47, bracketed material added)

The Tenth Circuit Court of Appeals interpreted the '023 patent as follows:

The patent asserts that the band binding of the signal to the narrow band of less than 1000 Hz resulted from Whang's discovery that within this bandwidth, the transmission characteristics of all ordinary telephone lines in a switched network will "look" substantially alike and behave the same. 623 F.2d 652. (Petitioners' A., C-6)

. . .

The [Kansas trial] Court found, and we agree, that the Whang '023's utilization of differential eight phase modulation of a single carrier

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\* Bps stands for bits per second. 2400 bps simply means that 2,400 bits of computer information (i.e., "1's" and "0's") are being transmitted every second.



and *narrow bandwidth filtering* was contrary to the prior art; . . . 623 F.2d at 655. (Petitioners' A., C-13, bracketed material added)

#### IV. THE BOSTON LITIGATION

##### A. Consistent with Kansas, Milgo, Its Counsel and Whang Advanced the Position that the Patent Taught Narrow Skirts

In the Boston District Court, Whang, using testimony which closely tracked that in Kansas, again testified that the patent taught narrow skirts. According to the Boston Court:

He [Whang] says the novelty of his invention is . . . *severe band limiting*. By severe band limiting he means a passband of  $1/T$  Hz\* and confinement of substantially all the passed energy within the "sweet spot" . . . .\*\*

• • •

[A]ccording to Whang, [the patent] specifications made it clear that substantially all of the energy outside the "sweet spot" should be attenuated [rejected]. 534 F.Supp. at 423-429. (Petitioners' A., D-18, D-19, first emphasis and bracketed material added)

In advancing the narrow skirt interpretation Milgo directed the Court to specific language in the Whang patent specification, to wit:

[R]eject unnecessary signal components outside the selected narrow band *as much as possible*. Col. 6:3-5 (Petitioners' A., A-10, emphasis added)

Notwithstanding the presence of such language in the Whang patent, the Boston Court concluded that the patent taught

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\*  $1/T$  Hz is a mathematical designation for the quantitative amount of signals that had to be confined.

\*\* Adopting words not used in the patent, the Boston Court referred to the narrow band as the "sweet spot."



that wide skirts (100 % roll-off), where as little energy as possible is rejected, were not only the sole interpretation, but advocating otherwise warranted severe and punitive censure.

**B. The Court, even After Pinpointing Narrow Skirt Language in the Patent by Questions to Codex's Expert, Still Found that the Narrow Skirt Teaching was a Fabrication**

The alleged infringers' expert witness (Dr. Forney) in the trial before the Boston Court, unlike his colleague (Dr. Beam) in Kansas, concluded that the Whang patent taught the use of the broad band or wide skirts of the prior art.\*

However, on cross-examination, Forney testified that increased rejection of energy outside of the selected band meant narrow skirts. The Forney testimony tracks the explicit language of the Whang patent. The trial transcript reveals the following pertinent exchange between Dr. Forney and the Boston Court:

THE COURT: Do you get increased rejection of components of signal outside the band when the skirts are wide?

WITNESS: No.

THE COURT: You get increased rejection when the skirts are narrow?

THE WITNESS: Yes, that says the sharper you make the skirts, the worse your delay distortion problem is going to be.

The Whang patent instructs at Column 6, lines 4-7 that energy "outside the selected narrow band" should be rejected "as much as possible. However, increased rejection . . . results

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\* While the Boston Court found that some hardware previously testified to in Kansas as containing the Whang invention and marked with the patent number had wide skirts, that Court's determination of how the patent should be interpreted must be based solely on the patent, *per se*, and not on hardware. The hardware, and the many changes it may go through, simply cannot control the interpretation of the original patent. As is typical in any case, the hardware may change, but the patent language does not.

in more delay distortion." (Petitioners' A., A-10) Based on the above exchange, it should have been crystal clear to the Boston Court that there was ample support in the Whang patent for narrow skirts. Inexplicably, the Boston District Court and First Circuit completely ignored this critical teaching of the patent and found Whang and Milgo's counsel guilty of culpable misconduct for relying on it.

V. BOTH THE KANSAS AND BOSTON  
DISTRICT COURTS AGREED WHANG '023  
REPRESENTED A BREAKTHROUGH INVENTION

This Court has held time and again that patents for breakthrough inventions are entitled to an interpretation which preserves to the inventor his invention. Indeed, a liberal interpretation is favored when the patented invention achieves such a breakthrough. The two courts, however, disagreed on the reason for the breakthrough. The Boston Court found that:

[W]hang did indeed make a practical breakthrough, but it was not the result, as the Kansas Court thought, of the narrow skirted filter. 534 F.Supp. at 433. (Petitioners' A., D-26)

This conclusion is not only difficult to reconcile with the Boston Court's finding that Whang's contribution lacked novelty, but inconsistent with its failure to give any credence whatsoever to the Midwest Court's interpretation.

## REASONS FOR GRANTING THE WRIT

### 1. THE DELIBERATE FABRICATION DEFENSE CREATED BY THE FIRST CIRCUIT IS UNPRECEDENTED AND THREATENS FUNDAMENTAL PRECEPTS OF ADVERSARIAL ADVOCACY

#### A. The Decision of the First Circuit Conflicts with the Fundamental Precepts of Advocacy

The First Circuit held that Milgo's attorney and his expert Whang had "deliberately fabricated" the narrow skirt interpretation. There is *no* precedent for the "deliberate fabrication" holding of the First Circuit. It severely penalizes an advocate, his client and expert for advancing a clearly maintainable, but perhaps disputable position.

Clients should not be subject to the chilling possibility of punitive attorneys' fees award and judicial censure when different circuit courts come to different conclusions on the contested meaning of words within a document. The East Coast decision censures an attorney for following the canons and precepts of our judicial system for advocating the client's cause with "entire devotion" and "warm zeal" without "fear of judicial disfavor." (ABA Canon 15) Such canons and precepts are essential to preservation of individual freedom. Attorneys, if the First Circuit Court's decision is allowed to stand, will effectively be muzzled. The constitutional guarantees under the Bill of Rights will mean little if attorneys cannot freely advocate their client's rights without fear of reprisal.

Counsel Jones had distinguished the Whang patent over "wide skirted" prior art during the United States Patent and Trademark Office ("PTO") proceedings. He heard the opposing Kansas expert, Jr. Beam, testify that the patent taught narrow skirts in a pretrial deposition and during the Kansas trial. Thus, there can be no question of Jones' right to advance that position in any court.

An attorney is expected to assemble information, sift what he considers to be relevant from the irrelevant facts, prepare his legal theories and plan his strategy. *Hickman v. Taylor*, 329 U.S. 495, 510-511 (1946). The First Circuit's censure of

Jones' conduct is thus contrary to the precepts of our adversary system and, indeed, to the First Amendment.

This Court should grant certiorari to reinstate an attorney's right to use expert testimony in advocating his client's cause.

**B. The First Circuit Decision Creates a New Defense in Litigation Employing Expert Testimony, Which Should be Abolished by this Court**

In its radical departure from the precepts of our jurisprudence, the First Circuit created a new defense to suits involving an expert's interpretation of a written document. In today's technological world almost any case imaginable employs some form of expert testimony. Thus, the decision will have a depressing effect on the approach to any litigation which should involve the use of experts. In view of this Court's decision, in *Blonder-Tongue Labs. v. Univ. of Ill. Foundation*, 402 U.S. 313 (1971), which guarantees relitigation of patent validity against every infringer, the patent system is likely to be plagued with the First Circuit's newly-created defense of "deliberate fabrication of a theory of patentability." This Court should abolish this defense in its infancy.

**C. There is a Conflict in the Circuit Courts On the Attorney's Duty of Advocacy**

The client, Racal-Milgo, its attorney and expert were castigated for misconduct termed "deliberate fabrication." The East Coast action, without making any finding, must have concluded that Milgo and its counsel, at some unspecified earlier time, had a different interpretation of the patent. This finding is difficult to reconcile in view of the narrow-skirt interpretation taken during prosecution in the PTO. Moreover, this precedent goes far beyond the interpretation of patents because it is equally applicable to the interpretation of any written instrument.

There is a clear conflict of the circuit courts with respect to this rule of law. In contrast to the First Circuit's ruling, the Court of Appeals for the Federal Circuit recently held that the taking of inconsistent positions in two separate

lawsuits did not constitute misconduct, much less conduct which could be sanctioned by the award of attorneys' fees. In *Orthopedic Equipment Co. v. All Orthopedic Appliances*, 707 F.2d 1376, 1384 (C.A.F.C. 1983), the Court merely held that such conduct "detracted considerably from their dignity."

The new defense created by the First Circuit—when consistency in advocacy was maintained—is in direct conflict with the Court of Appeals for the Federal Circuit which noted that even inconsistent positions were simply undignified.

## II. THE LEGAL CLIMATE FOR A ROBUST PATENT SYSTEM AND ACCOMPANYING ECONOMIC GROWTH HAVE BEEN STIFLED BY THE PERVASIVE PATENT MISCONDUCT DOCTRINES RESULTING FROM LACK OF APPROPRIATE GUIDELINES FROM THIS COURT

### A. The Patent System is a Key Element in Fostering Development of New Technology Vital to the World Position of the United States

The policy behind the patent laws of promoting the progress of science and the useful arts is of constitutional origin and has always been of paramount importance to economic development. As stated by this Court:

The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in "Science and useful Arts." Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered. *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

Today, the Patent System is at the focus of this country's efforts to regain technological superiority which is essential in providing jobs and security, as illustrated by the following statement of President Reagan's announcement concerning the proposed National Productivity and Innovations Act:

When enacted the bill will modify antitrust, patent, and copyright laws in a way that will greatly enhance this country's productivity and the ability of U.S. industry to compete in world markets.

• • •

New technologies are seldom created by luck; they are instead the result of private and public sector investments of time, money, and effort. With this in mind, we propose to increase Federal funding of research and development (R&D) by 17 percent to \$47 billion in 1984 and to encourage private sector R&D by improving the economic and *legal* climate for such efforts.

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Over the last eighty years, the development of new technologies accounted for almost half of the growth in our real per capita income. New technology creates jobs and gives this country a competitive edge. The U.S. computer industry, for example, directly provides jobs for about 830,000 people, and is a leader in world markets. Statement By The President, September 12, 1983, White House Office Of The Press Secretary. (Emphasis added)

As found by both the Midwest and East Coast Courts, Whang's invention was a breakthrough which removed a bottleneck in the 1960's to development of the U.S. computer industry. Absent Mr. Whang's innovation how many of the 830,000 domestic computer jobs would have been lost to foreign competition?

While the thrust of current legislation is to strengthen the patent system, the decision below and the general trend of patent misconduct rulings presents a serious threat to that system. There is an urgent need for this Court to address the issues presented by this petition to ensure that future inventors, such as Whang, will have an incentive to participate in our intellectual property system without being stigmatized

and to ensure that future small companies, such as Milgo, will have the incentive to invest their capital into research and development so that this country will not lose its position as a world leader.

**B. The Goals of the Patent System are Being Thwarted and Constitutional Rights Denied by the Lack of Standards in the Area of Patent Misconduct**

The law in the misconduct area (and particularly fraud) on which an award of attorneys' fees may be based pursuant to 35 U.S.C. §285 is in hopeless disarray. It is clear, however, that the elements of traditional common law fraud were neither addressed nor found by the East Coast action. This case is highly exemplary of the serious threat to our patent system as a result of this standardless approach.

This Court has not provided any guidance on the defense of inequitable misconduct in patent litigation since *Precision Instr. Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806, 818 (1945). Since that time the misconduct defense has ballooned to the extent that in many cases it has replaced an analysis of the inventor's real contribution to the art. *Pfizer, Inc. v. International Rectifier Corp.* 538 F.2d 180, 196 (8th Cir. 1976), *cert. den'd*, 429 U.S. 1040 (1977). (Observation that patent validity and infringement are now playing second fiddle to "nit-picking" misconduct arguments, with the result being "trying the patentee personally, rather than the patent.") Because of the ever-increasing complexities of technological advances, arguing "misconduct" has become a convenient way for advocates and courts to sidestep resolution of the everpresent conflicting opinions on the more intellectually-demanding technology analysis inevitably present in any patent case. See *Kayton, Lynch, Stern, Fraud In Patent Procurement, Genuine and Sham Charges*, 43 Geo. Wash. L. Rev. 1 (1974). (Patentee guilty until proven innocent, at p. 7.) Since there are no guiding standards in the precedent of this Court, counsel can and does allege misconduct in practically every case. As Judge Lacey observed such allegations have become "a greeting, a salutation, in the patois of the patent bar." Lacey, *A Federal District Judge's Views*



*On Patent Reissue, Protest and Duty of Disclosure*, 60 J. Pat. Off. Soc'y 530 (1978).

The misconduct defense, as it has developed over the past several decades, has had a demoralizing effect on the patent system. Patentees can no longer effectively judge when to bring suit because of their inability to assess what standards a judge may apply to their conduct. These issues should be addressed now so that the lower courts will have appropriate guidelines in this most important area of our law.

**C. The Precedent of this Court in the Area of Patent Misconduct Requires Elucidation to Establish Uniform Patent Misconduct Standards**

Almost all justifications for departing from strict common law fraud standards stem from analysis of this Court's decision in *Precision Instrument*, supra. See *Kayton, Lynch, Stern*, supra, at p. 12. *Precision Instrument*, on its facts, involves a case of clear common law fraud, i.e., intent and "but for" materiality of false statements clearly and convincingly shown. The departure from such standards evidenced by this and many other cases stems from the following language in *Precision Instrument*:

[T]hose who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an uncompromising duty to report to it all facts concerning possible fraud or inequity underlying the applications in issue. 324 U.S. at 818.

Lower courts have relied on this statement to find that no materiality or "might have" materiality may suffice in a patent case, or to find intent in contexts which amount to mere negligence, or where clear and convincing evidence is lacking. As an authoritative commentary on misconduct has observed:

[T]he "uncompromising duty" standard is virtually useless as a meaningful criterion, and doubtless serves more to breed rhetoric in the briefs of patent infringement defendants than



to provide the court with a yardstick to be applied objectively in varying situations. *Kayton, Lynch, Stern, supra*, at 13.

This court should grant certiorari to clarify the scope of *Precision Instrument*.

#### D. This Case Illustrates the Evils Created by a Lack of Standards in Patent Misconduct Cases

The facts of this case show the egregious consequences of failing to articulate and follow standards. The East Coast action utterly failed to articulate any standards of materiality. The prejudice created by this approach is illustrated by the Boston Court's treatment of allegations that a prior art reference—a paper by one "Irland"—which was in the hands of the patent examiner had been misrepresented.

On this point the law is clear. An alleged misrepresentation of the teachings of a prior art document in the hands of the patent examiner in an ex parte Patent Office proceeding is not material primarily because the patent examiner is a degreed expert and, as a matter of law, he independently evaluates and interprets the document. *Skil Corp. v. Lucerne Products, Inc.*, 489 F.Supp. 1129, 1161 (N.D. Ohio 1980), *aff'd*, 684 F.2d 346 (6th Cir. 1982), *cert. den'd*, 103 S.Ct. 347 (1982); *General Tire & Rubber Co. v. Jefferson Chemical Co., Inc.*, 363 F.Supp. 871, 878, n. 13 (S.D.N.Y. 1973), *rev'd on other grounds*, 497 F.2d 1283 (2d Cir. 1974), *cert. den'd*, 419 U.S. 968 (1974). See also, *Plastic Container Corp. v. Continental Plastics*, 607 F.2d 885, 900 (10th Cir. 1979), *cert. den'd*, 444 U.S. 1018 (1980). The Boston District Court ignored the above-noted law in holding the misrepresentation of the teachings of the "Irland" reference destroyed the presumption of validity of the Whang '023 patent (A., D-25, D-26). This legal error was further compounded by the Court's failure to consider that the examiner himself submitted an affidavit to the Boston District Court stating he was not misled.

Adding more inconsistency to the lack of guidelines and standards, the same issue concerning "Irland" was litigated in a Delaware case that was settled before a judgment was

ever entered. The Delaware case *Rixon Inc. v. Racal-Milgo, Inc.*, 551 F.Supp. 163 (Del. 1982), held with respect to "Irland" as follows:

But some room must be left for advocacy. The patent examiner had the Irland reference and technical expertise to evaluate it. Unlike a case in which the patentee fails to disclose a known and pertinent reference, or presents experimental results in a misleading way, a case in which the patentee disputes the examiner's reading of the prior art does not prevent the examiner from applying his or her expertise to the patent. To the contrary, it calls forth precisely the kind of analysis and comparison of prior art and patent application which the law requires.\* 551 at 174.

If an argument as to the meaning of a patent document before a patent examiner is not material, it is *a fortiori* immaterial in an inter parties proceeding where opposing experts and the Court are present. The alleged misrepresentation of the teaching of the Whang '023 patent is likewise not material. The courts and the experts were free to read the document and make up their own mind as to what it teaches, and that is exactly what happened.

With respect to the issue of intent, there was no evidence of attorney Jones' intent adduced below other than the overwhelmingly favorable evidence that he had argued the patent taught narrow skirts to the PTO and had heard the opposing Kansas expert testify that the patent taught narrow skirts in a deposition before the Kansas case ever went to trial.

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\* In the *Rixon* case, which was decided after the Boston Court rendered its decision, yet another independent expert (Dr. Lytle) testified that the Whang patent taught narrow skirts. The Delaware Court was particularly troubled by language of patent Claim 39 as shown by its statements that "[o]ne could interpret this claim as instructing a modem engineer to use a 'brick wall' filter 1000 Hz wide. . . . Alternatively, one could perhaps understand Whang to be claiming a filter with 25% roll-off . . . ." Nevertheless the Court, contrary to its admonition there must be room for advocacy in an *ex parte* proceeding and disregarding the testimony of experts Beam and Lytle in open court advocacy, also found that a narrow-skirt interpretation of the Whang patent was a fabrication. 551 F.Supp. at 174-176.

At no time was Jones called by Codex to testify on his intent, nor was Whang questioned about any alleged collusion by he and Jones. These evidentiary abysses should have precluded any conclusion of intentional misconduct in this case. A finding of "deliberate fabrication" under these circumstances is contrary to rudimentary concepts of justice.

### III. CONCLUSION

An attorney's duty to his client is to advocate the legal theory of the interpretation of a written instrument which supports his client's cause. The duty of the opposing attorney is, of course, the same. When a consistently advocated interpretation ("narrow skirts") is agreed to by both attorneys and opposing experts, and that interpretation is upheld by the Midwest Court's action, common logic should deny an East Coast Court's action in punitively censuring an attorney for properly carrying out his rightful duty of consistency in advocating that narrow skirt theory.

The East Coast court's ruling of "a deliberate fabrication of a theory of patentability" directly muzzles not only patent attorneys, but any member of the bar who seeks to urge in open court that words of a written document support the legal theory which has been deliberately chosen as the path for victory for his client. This Court must set guidelines to enable attorneys to reasonably advise their clients about their rights.

**JACKSON, JONES & PRICE**

**ORIGINAL SIGNED BY  
STANLEY R. JONES**

Dated: \_\_\_\_\_

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